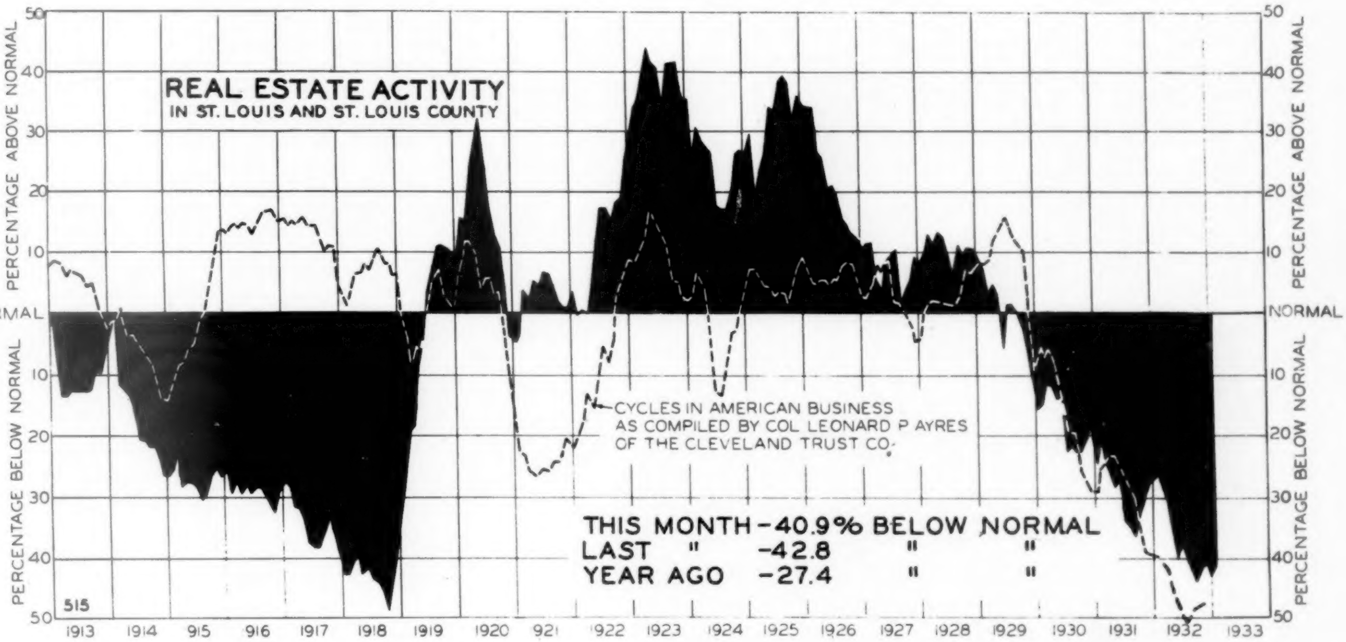
FEBRUARY, 1933

The Real Estate ANALYST

SAINT LOUIS EDITION



IN April, 1931, the first Occupancy Survey of Saint Louis was made through the cooperation of the Saint Louis Post Office. In November, 1932, the second survey was made. For each survey, letter carriers turned in block-by-block reports on occupancy for the entire city and county within the carrier limits, with the exception of the downtown district. More than 45,000 of these reports have been districted, tabulated and analyzed by the staff of REAL ESTATE ANALYSTS, INC., for the statistical reports published for the Real Estate Exchange, the Mortgage Bankers Association and the Building Owners and Managers Association.

A few days ago, a copy of the report of the second of these surveys was sent you. There is, therefore, no reason for reprinting the detailed statistical tables in this issue of the REAL ESTATE ANALYST. We do feel, however, that there is so much of value in these tables to the realtor, the mortgage banker, the property manager and the speculative builder that the REAL ESTATE ANALYST should interpret for its clients, in as usable a form as possible, the findings of these surveys.

(continued on page 110)

THE MONTH'S CHANGES AT A GLANCE

The indicators at the bottom of the page will show at a glance the month's changes in conditions. The position of the arrow head shows the movement during the month - up indicating improvement and down, decline.

ACTIVITY			FORECLOSURES			CONSTRUCTION			APART. RENT			OTHER RENT			MARRIAGES		
NOV.	DEC.	JAN.	NOV.	DEC.	JAN.	NOV.	DEC.	JAN.	NOV.	DEC.	JAN.	NOV.	DEC.	JAN.	NOV.	DEC.	JAN.

This has been done in the charts and maps which follow.

In the table below, the percentages of occupancy are given by types of buildings for the City and County for November, 1932, in comparison with April, 1931.

PERCENTAGE OF OCCUPANCY 1932 AND 1931

TYPE OF BUILDING	SAINT LOUIS		COUNTY		CITY & COUNTY	
	NOV. 1932	APR. 1931	NOV. 1932	APR. 1931	NOV. 1932	APR. 1931
ALL RESIDENTIAL QUARTERS	87.2	90.7	94.4	93.5	88.3	91.1
SINGLE FAMILY RESIDENCES	95.0	97.0	96.4	95.9	95.4	96.7
TWO FAMILY RESIDENCES	87.9	92.4	88.7	88.1	87.9	92.2
ALL OTHER RESIDENCES	81.1	86.5	86.1	84.4	81.3	86.5
APARTMENTS	79.4	86.1	86.3	86.5	80.6	86.2
APARTMENT HOTELS	70.5	83.6	81.3	60.2	71.1	83.2
STORES	85.8	82.9	87.3	87.5	86.7	83.4
OFFICES	77.3	82.0	86.6	85.0	78.5	82.4
FACTORIES AND WORKSHOPS	88.7	88.2	97.4	90.5	90.1	88.3

NOTE: NEITHER THE 1932 NOR THE 1931 OCCUPANCY SURVEY INCLUDED THE DOWNTOWN DISTRICT.

The most significant thing shown by this table is the decrease in occupancy in the City and the increase in the County. This is contrary to the idea which has been quite prevalent, that people, because of the depression, were moving back into the older and cheaper parts of the city. The colored map* on the page opposite shows graphically the districts which have been increasing in occupancy and those which have been decreasing. It will be seen immediately that most of the County has either increased or held its own in occupancy during the past year and a half, while most of the City has decreased, the central portion at a very rapid rate. The chief cause of this shift to the County which, by the way, has been going on at a constantly increasing rate since 1890, is probably the smoke conditions prevailing in the city. The broad area running east and west through the City, influenced by the Mill Creek Valley and its prevalent smoke, shows some of the greatest increases in vacancy. Better highways and the one-fare street car rate established in April, 1932, are probably contributing causes.

The following table shows the actual number of vacancies of each type for the City and County for the two years:

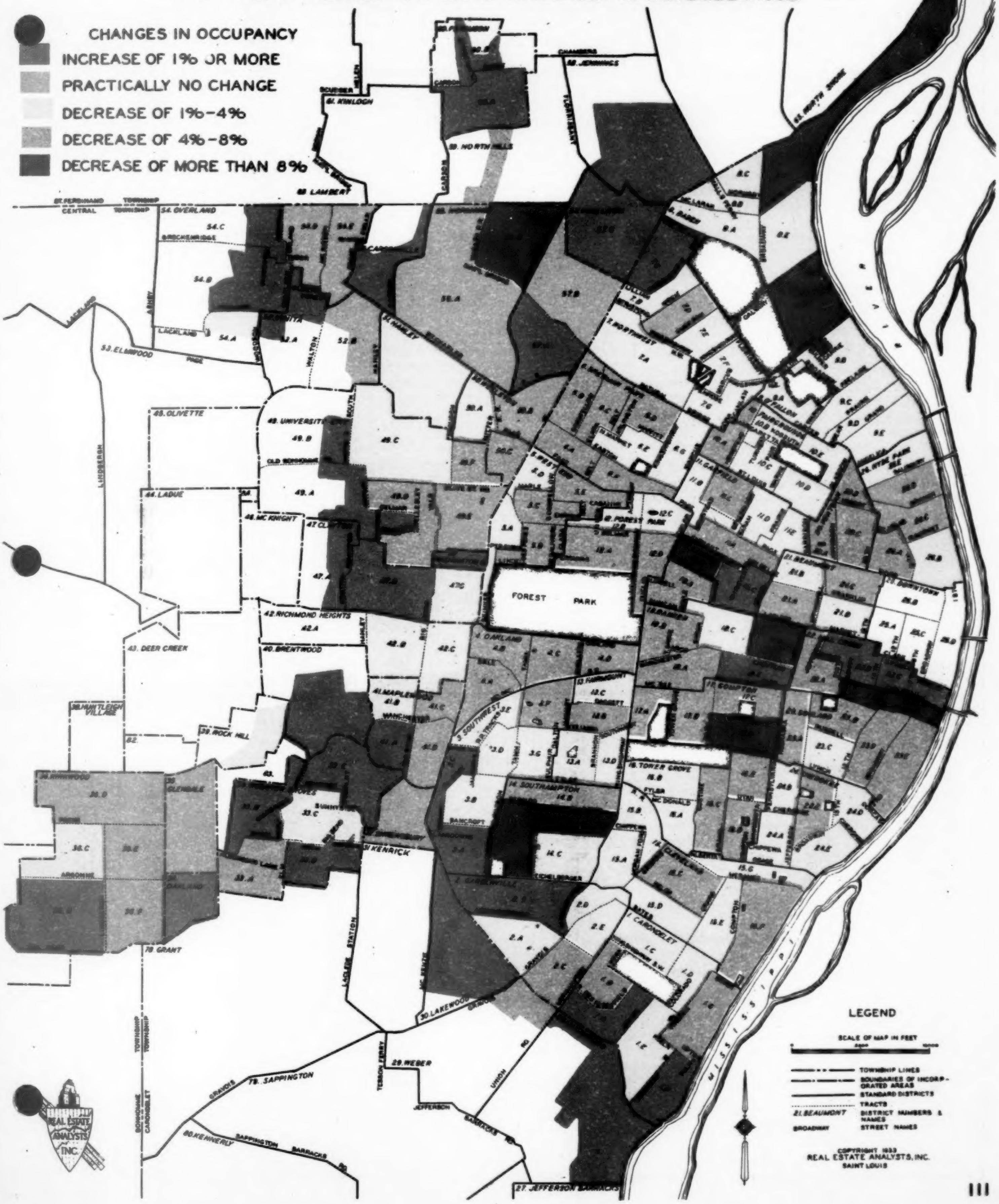
TYPE OF BUILDING	SAINT LOUIS		COUNTY		CITY & COUNTY	
	Nov. 1932	Apr. 1931	Nov. 1932	Apr. 1931	Nov. 1932	Apr. 1931
All residential quarters	29513	21183	2517	2414	32030	23597
Single family residences	3521	1827	1299	1132	4820	2959
Two family residences	8788	5234	412	394	9200	5628
All other residences	11867	10479	202	179	12069	10658
Apartments	4031	2749	559	664	4590	3413
Apartment hotels	1306	894	45	45	1351	939
Stores	2485	3080	127	271	2612	3351
Offices	909	947	83	87	992	1034
Factories and workshops	360	247	5	10	365	257

It will be noticed on this table that more vacancies are reported for the County than a year ago, while the first table shows that the percentage of vacancy has decreased. By referring to the original surveys, it will be found that far more buildings were returned in the 1932 survey in the County than in the one of a year and a half ago. Both surveys have been checked with the Census and it is believed that the last survey in the County is more complete than the first. It is believed that both percentages are substantially correct. (Continued on page 112)

* All colored charts prepared by REAL ESTATE ANALYSTS, INC., use the colors of the spectrum in the order in which they occur, with the red end representing high values and the blue or violet end representing low values. For the specified values for the colors in each study, see the color key on each chart.

PERCENTAGE OF CHANGE IN OCCUPANCY

ALL TYPES OF RESIDENTIAL UNITS–APRIL 1931 TO NOVEMBER 1932



Continued from page 110.

Occupancy by districts of ALL TYPES OF DWELLING UNITS is shown on the colored map on the opposite page. The areas not colored were not included in the survey. Should the specific percentage be desired for any particular district, it can be found for each type of building from the tables in the Occupancy Survey Report.

Occupancy by districts for SINGLE FAMILY RESIDENCES is shown by the map on page 114. A building occupied by or intended to be occupied by one family was considered a single family residence. Rooming houses were tabulated separately in the survey, but as they were originally designed, in most cases, as single family residences, they were combined in the tables with single family residences and are included in the data charted on this map. The extremely high occupancy in single family buildings necessitated a much higher scale for the colors on this map. Real Estate Analysts, Inc., believe that were business conditions normal at the present time, there would be an actual shortage of desirable single family dwellings.

Occupancy by districts for TWO FAMILY RESIDENCES is shown on the map on page 115. This includes, of course, all single flats and duplexes. In this and succeeding maps, uncolored areas within the built up sections of the city and county indicate that there were too few buildings of the type portrayed to figure a percentage; for instance, there are practically no two family dwellings in Overland, so Overland is not colored on this map.

Occupancy of ALL OTHER LIVING QUARTERS where heat is not furnished by the owner is shown on the map on page 116. This classification includes double flats, row houses, most dwellings over stores and all other dwelling units which could not be readily classified. It will be noticed immediately that vacancy is quite high in many sections of the city in this type of building.

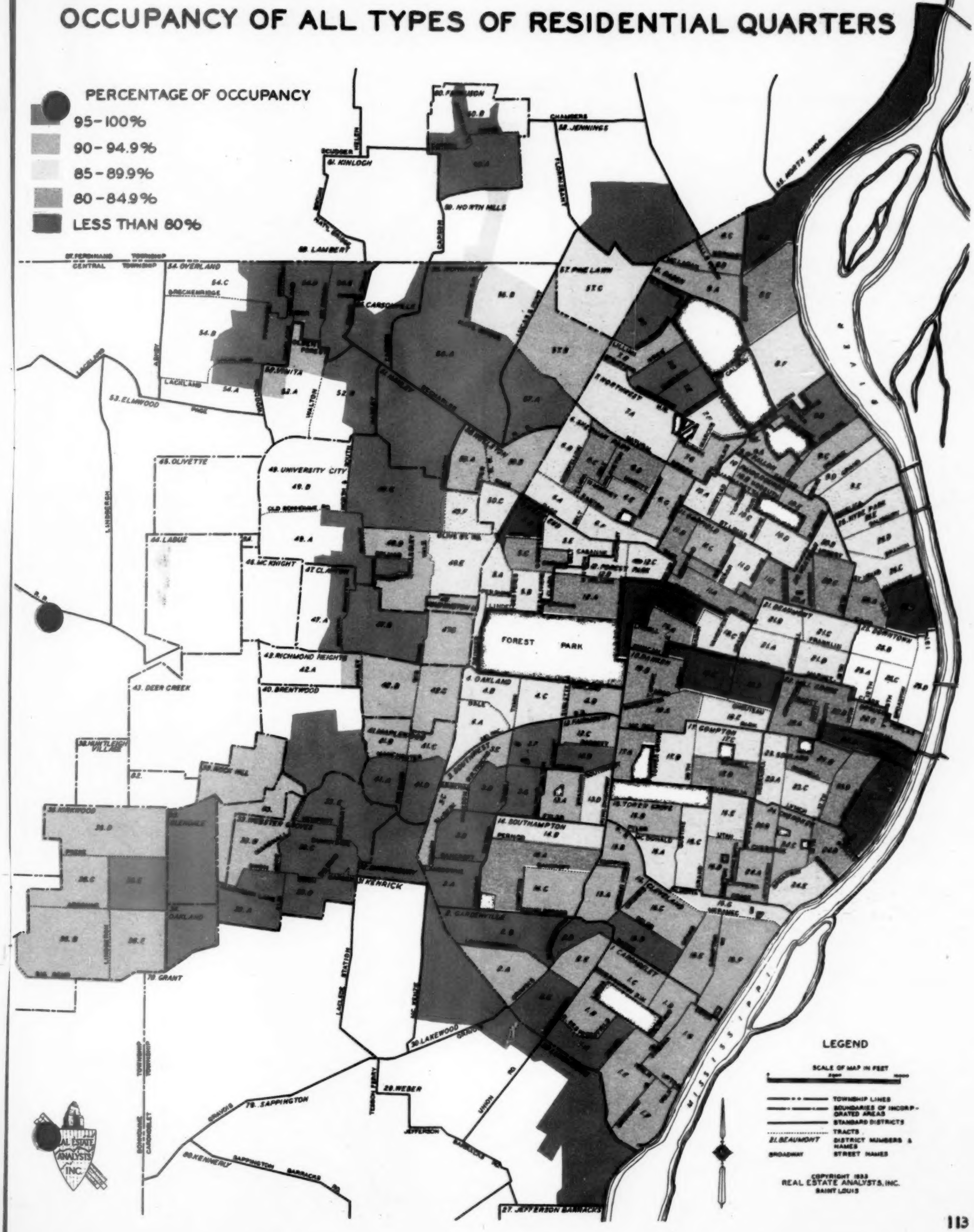
Occupancy of APARTMENTS is shown on the map on page 117. Buildings designed for three or more families where heat is furnished by the owner were considered as apartments. Family hotels where living quarters were equipped with kitchenettes were considered as apartments. Large apartment hotels were not included but were tabulated separately and are given in detail on the last page of the separate Occupancy Survey Report.

The chart on page 118 shows graphically the occupancy of all types of buildings in Saint Louis and Saint Louis County. It makes it very easy to visualize the present vacancy in each type of dwelling unit as well as in stores, offices and factories.

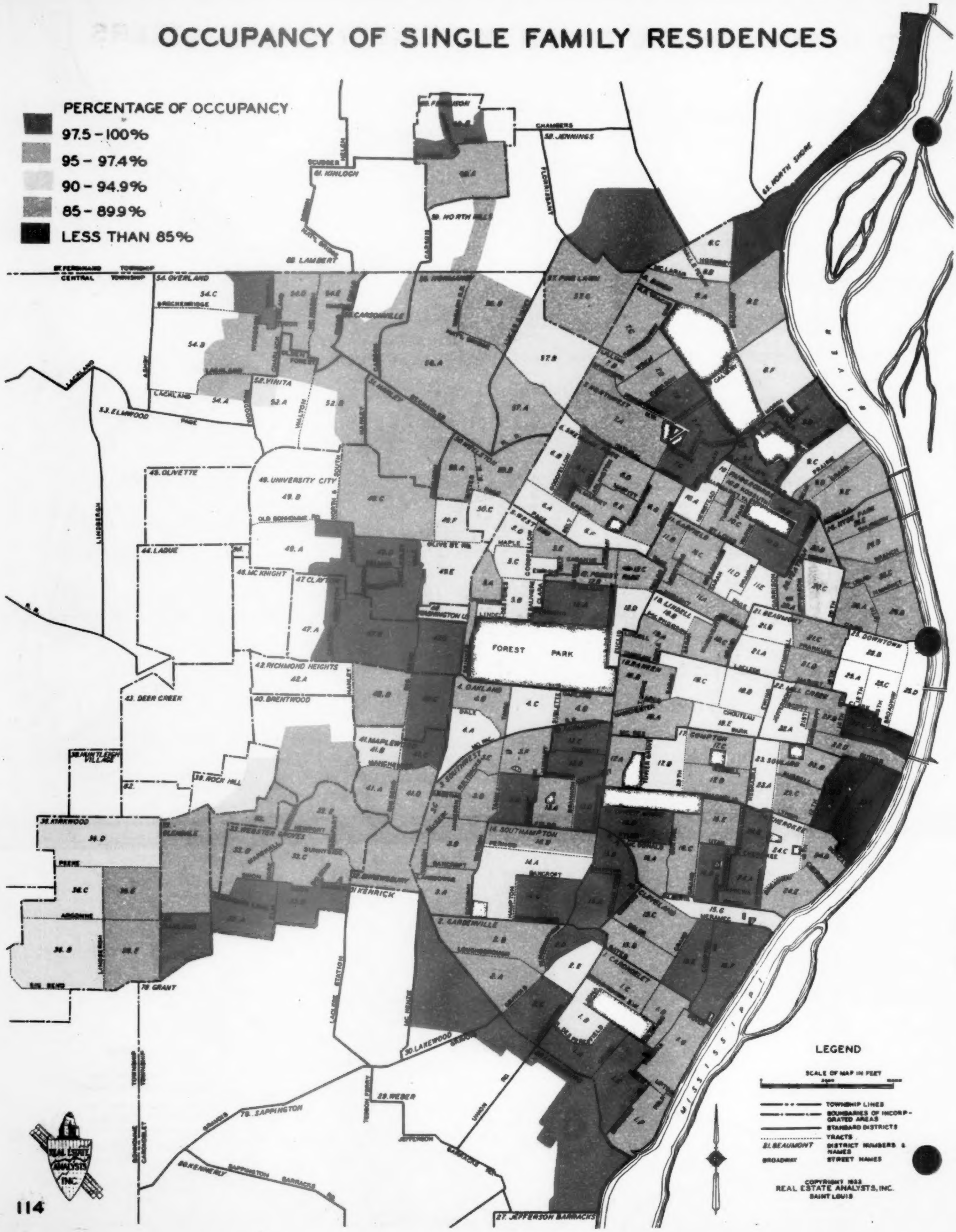
The amount of doubling up of families due to the depression is of utmost importance but unfortunately, it cannot be accurately determined. The figure secured in the survey is quite misleading. 8762 families were reported in the city in this survey as doubled up with other families, due to the depression. We know that this is far too few. A year and a half ago, the survey showed 11,600 doubled up families in the city. We know that doubling up has increased since then. There was no provision, however, in that survey for taking care of rooming houses and the chances are that many of the extra families reported then were reported this year under rooming and lodging houses. This year 18,899 families were reported as living in 4548 boarding or lodging houses. On referring to the census figures for 1930, we find that it reports only 459 rooming or lodging houses for Saint Louis, housing only 8409 individuals. Undoubtedly the tremendous increase since 1930 in the number of families taking in boarders or roomers is a result of the depression and represents a doubling up of families far greater than that reported officially as "doubling up".

The REAL ESTATE ANALYST is published monthly by Real Estate Analysts, Inc., Saint Louis, a statistical, analytical and appraisal organization specializing in the application of real estate economics and fundamentals to specific problems. It is not engaged in financing, management or brokerage of real estate.

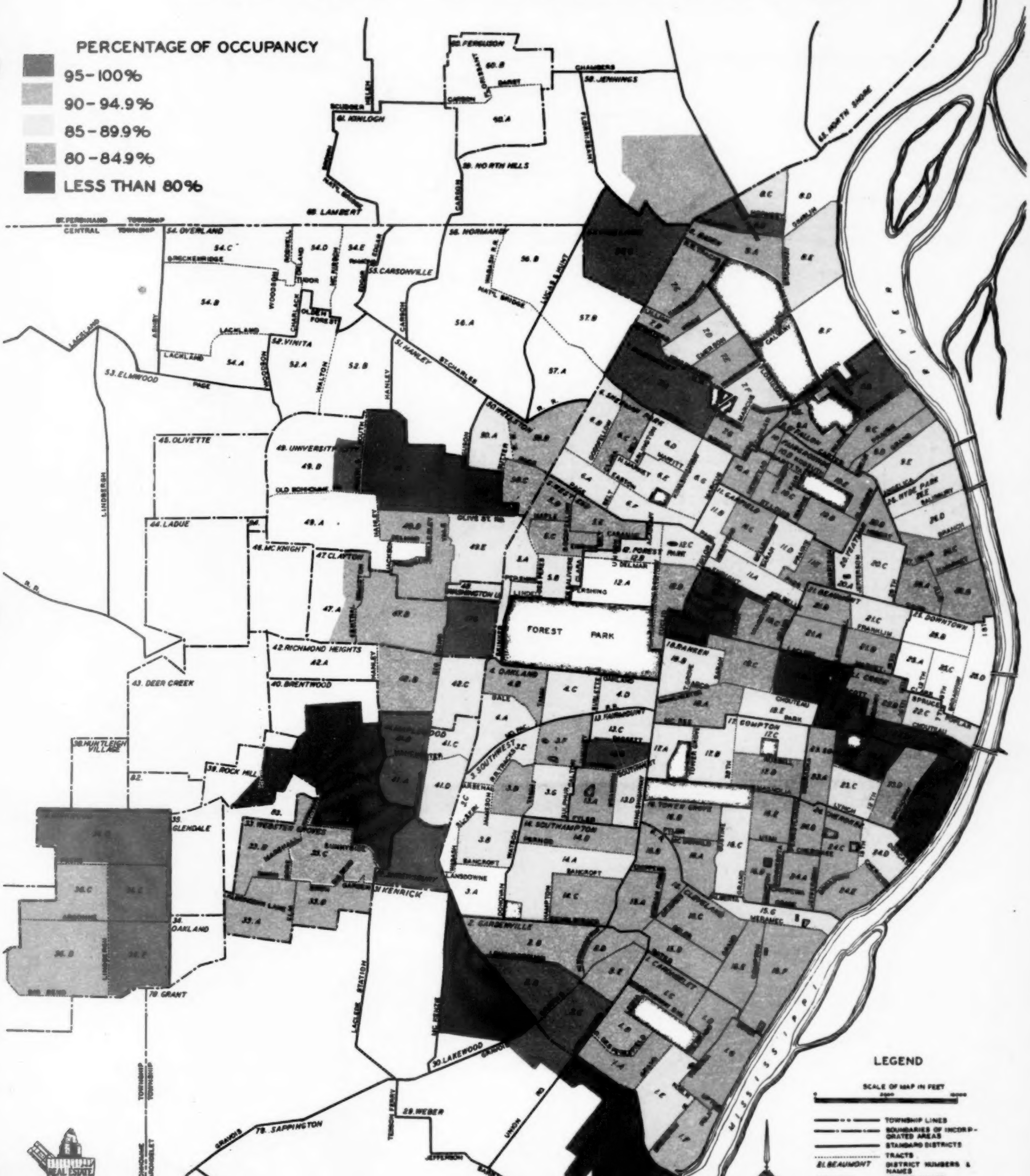
OCCUPANCY OF ALL TYPES OF RESIDENTIAL QUARTERS



OCCUPANCY OF SINGLE FAMILY RESIDENCES

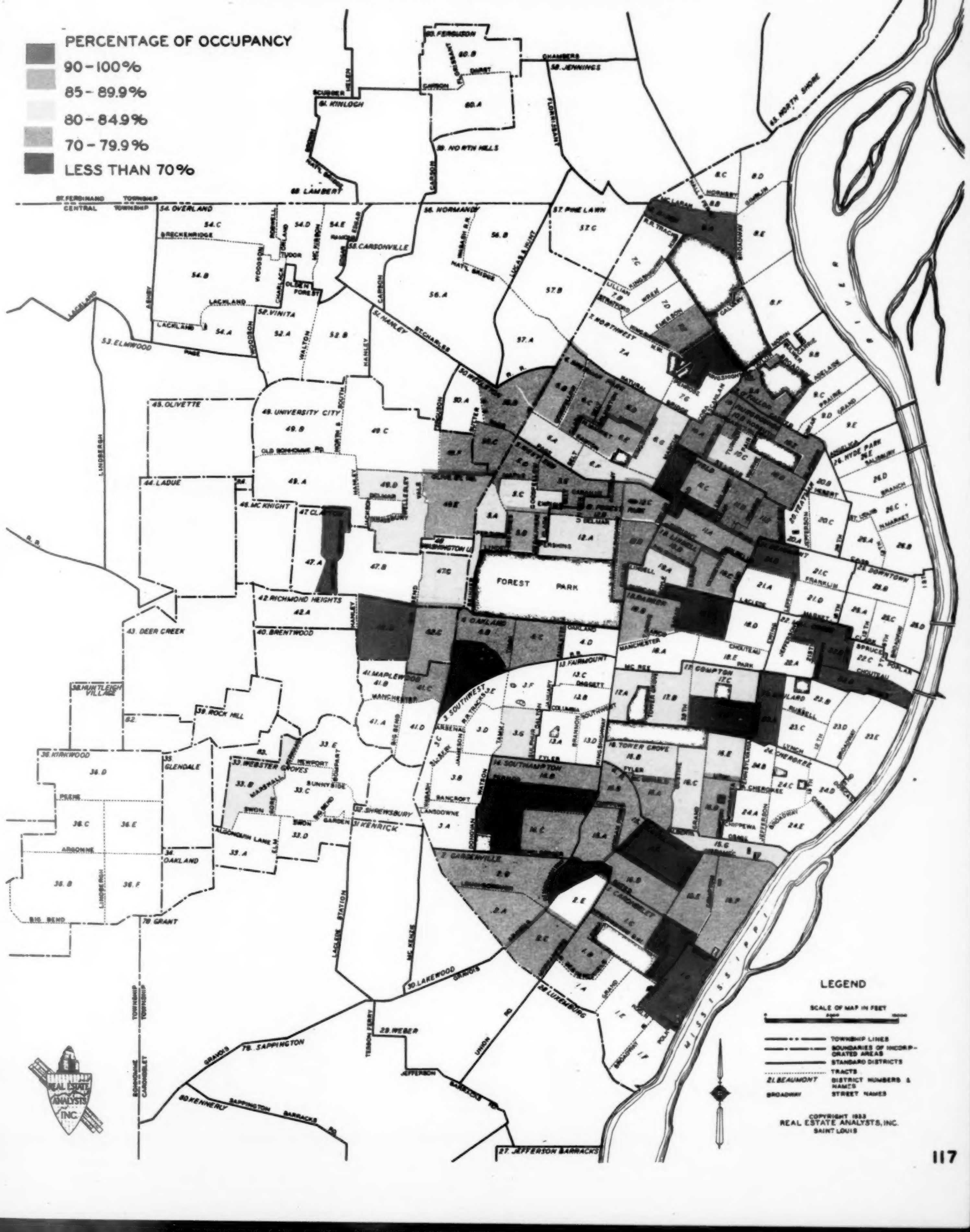


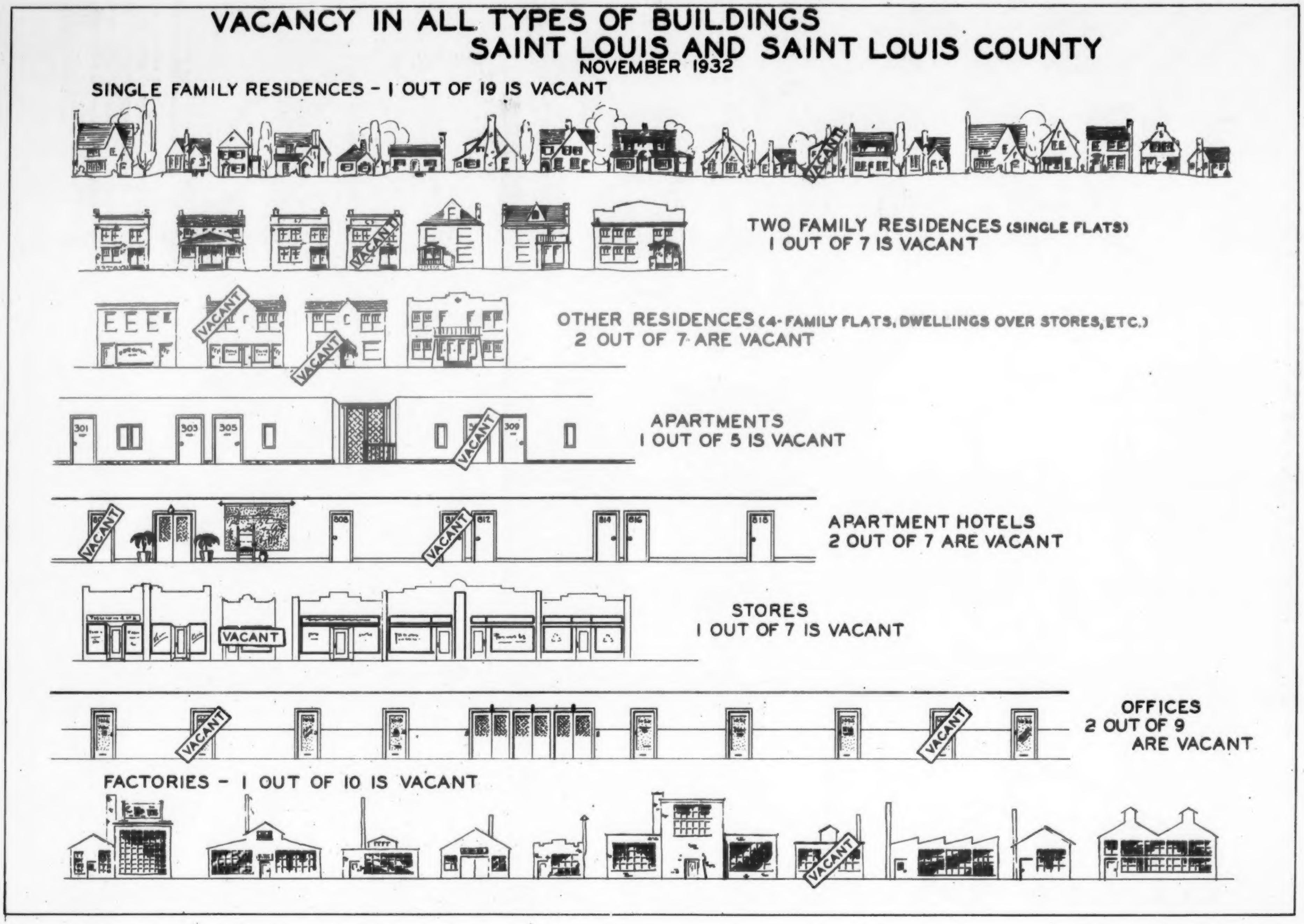
OCCUPANCY OF TWO FAMILY RESIDENCES



OCCUPANCY OF OTHER RESIDENCES

OCCUPANCY OF APARTMENTS




VACANCY IN ALL TYPES OF BUILDINGS
SAINT LOUIS AND SAINT LOUIS COUNTY
NOVEMBER 1932
SINGLE FAMILY RESIDENCES - 1 OUT OF 19 IS VACANT
VACANT
TWO FAMILY RESIDENCES (SINGLE FLATS)
1 OUT OF 7 IS VACANT
VACANT
OTHER RESIDENCES (4-FAMILY FLATS, DWELLINGS OVER STORES, ETC.)
2 OUT OF 7 ARE VACANT
VACANT
VACANT
301
303
305
309
VACANT
APARTMENTS
1 OUT OF 5 IS VACANT
VACANT
808
VACANT
812
814
816
818
APARTMENT HOTELS
2 OUT OF 7 ARE VACANT
VACANT
STORES
1 OUT OF 7 IS VACANT
VACANT
VACANT
OFFICES
2 OUT OF 9
ARE VACANT
FACTORIES - 1 OUT OF 10 IS VACANT
VACANT

MONETARY INFLATION AND REAL ESTATE

IN October, 1929, the stock market crashed. Since the crash, creditors have been calling loans. When loans are called, bank deposits subject to checking are automatically reduced. This is equivalent to reducing the total money in circulation. As the amount of money in circulation is reduced the value of it is increased and prices drop. Forced liquidation throws large amounts of commodities and properties on a disinterested market with a necessity for sale which further reduces the price level.

This inherent weakness in our credit system makes liquidation of debt in periods like the present impossible. No matter how rapidly the liquidation proceeds, prices always decline at a faster rate. This dwindling of assets increases the percentage of indebtedness faster than payment of debt reduces it. For three and a half years now, debtors have been put under tremendous pressure to pay their debts with the contradictory result that today total indebtedness comes far closer to total wealth than it did when the liquidating process began.

As pointed out numerous times in the Real Estate Analyst during the past year (see pages 16, 18, 64 and 108) the burden of debt resting on the shoulders of business is the chief obstacle to recovery. Its weight cannot be materially lessened in the near future except in the following ways: 1-By bankruptcy and foreclosure; 2-By moratoriums and voluntary reductions; 3-By a rise in the general price level.

Undoubtedly the last of the three alternatives, with its restoration of marginal equities, would be the best but it seems impossible of achievement with our present monetary and credit machinery. Strenuous efforts have been made but all efforts so far have failed, demonstrating the fundamental fact that credit depends on confidence and cannot be expanded in a period when confidence is lacking. Everyone knows that prices can be raised by monetary inflation. Like medicinal strychnine, however, inflation is a dangerous remedy and if used too freely, it may kill the patient. The experiences of Central Europe have demonstrated the dangers which might result from its unguided use and have acted as a deterrent to its trial in America.

The second method of reducing the debt burden by moratoriums and voluntary reductions has already been started. A number of states have granted moratoriums, stopping foreclosures. Some of the larger mortgage banking interests have granted voluntary moratoriums to embarrassed creditors. This will continue as well as reductions in tax indebtedness, due to reductions in accrued penalties on delinquent taxes. If moratoriums become general enough, they may avert further collapse but they will also prevent a recovery within any reasonable period.

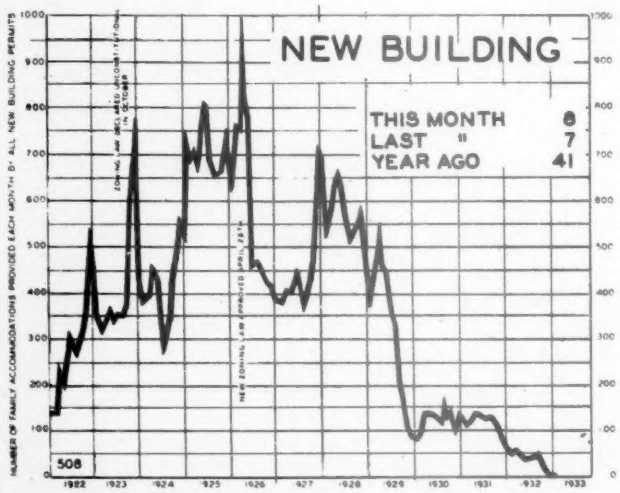
It seems inevitable, therefore, that during at least the next few months, the principal method of debt liquidation will be by bankruptcy and foreclosure. How far this can be carried without causing popular revolt through radical legislation is a question only the future can answer. We think it extremely probable that some inflationary measures will be forced through Congress during the summer or early fall. These will probably meet with presidential vetoes unless they are clearly necessary or desirable. In 1878, toward the end of the great panic of the seventies, inflationary legislation passed both houses of Congress but was vetoed by President Hayes. Whether such legislation is wise or unwise, the first result of even its serious discussion, it seems to us, will be to shake confidence in our currency and cause a heavy withdrawal of gold. If this withdrawal assumes large proportions, gold payments will necessarily be suspended as they have been in many parts of the world.

While we doubt very seriously whether this will happen, it is within the range of possibility and, therefore, its probable effects on real estate should be considered in the Real Estate Analyst.

If gold payments were to be suspended there would be some doubt as to whether they would be resumed on the present basis of 23.22 grains of fine gold as the equivalent of a dollar just as there is great doubt whether England will return to the gold standard on the old basis of 113.08 grains of fine gold to a pound sterling. A revaluation of the dollar by reducing its gold equivalent is, we believe, the safest type of inflation. In fact, the United States revalued her dollar in 1834 by reducing its gold equivalent by 6%, without disastrous effects.

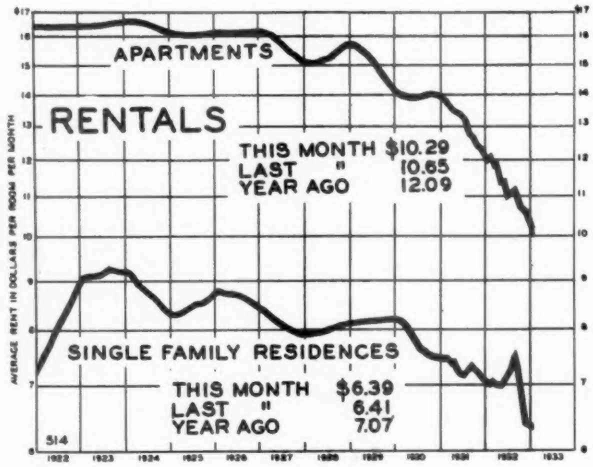
Unless the suspension of the gold standard is followed by inflation, the effect would be comparatively slight. It would consist largely in a retardation of business, due to the shock to confidence. If, however, it is followed by inflation or by the threat of inflation, it will cause prices to rise and will stimulate investments in commodities and real estate. Investments in small equities in desirable real estate would prove very profitable. It would also affect holders of deeds of trust. If the currency were revalued the purchasing power of the money loaned on deeds of trust would decline unless the deed of trust contained the gold clause. It might be that even that could not prevent the decline. The Supreme Court has upheld the gold clause but some authorities believe that it could be nullified to all intents and purposes by a special tax on instruments containing it.

SINGLE family dwelling and apartment rentals continued their decline during January. Apartment rentals have been dropping much more rapidly than other dwelling rentals due to the larger vacancy in this type of building. Rentals will continue to drop until increased employment brings about a reduction in vacancies.



MARRIAGES have shown a very slight gain in the past two months. They are still 52.9% below normal. For eight months now they have been more than 50% below the expected number for a city of our population. Fewer marriage licenses were issued in January than in any January for the past forty-three years.

THE foreclosure chart to the left is not as encouraging this month as it has been for some months past. After dropping for four consecutive months, it has again turned sharply upward. The closing of many outlying banks in Greater Saint Louis has not contributed to the increase in confidence needed. From the number of foreclosure advertisements appearing, next month may exceed this month in foreclosures.



DURING the past sixty days, building permits issued in the city provided for accommodations for 15 families. With the single exception of a period of four months during the embargo on building in the World War period, this is the smallest number of new family accommodations in any sixty-day period in the last fifty years. This is splendid. A restriction on new building is the only remedy for the present over supply.